

Message Text

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TO SECSTATE WASHDC 5889

SECDEF

INFO USCINCEUR

AMEMBASSY PARIS

AMEMBASSY BONN

AMEMBASSY BRUSSELS

USMISSION NATO BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY OSLO

AMEMBASSY ROME

C O N F I D E N T I A L SECTION 01 OF 02 LONDON 16403

E.O. 11652: GDS

TAGS: MILI, PDOR, MPOL, NATO, NAC

SUBJ: NATO STANDARDIZATION

REF: USNATO 5772

1. SUMMARY: LONDON'S EMPHASIS AS EXPRESSED IN PARA 8 OF REFTEL ON THE ESSENTIALITY AND IMPORTANCE OF GETTING 'SOME TRAFFIC ON THE TWO-WAY STREET' IN THE NEAR TERM "WITHOUT AWAITING FINAL AGREEMENT ON LONG-TERM PROBLEMS" DESERVES SOME CONSIDERATION. END SUMMARY

2. GIVEN THE FACT THAT BRITISH INITIATIVES AND VIEWS ON RATIONALIZATION AND STANDARDIZATION ARE OFTEN HELPFUL TO THE US AND THAT OUR MUTUAL INTEREST IN CREATING A COHERENT STRUCTURE TO FACILITATE ACHIEVEMENT OF RATIONALIZATION/ STANDARDIZATION GOALS AND EFFORTS, REALISTICALLY WE MUST
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RECOGNIZE THAT PROGRESS WILL BE A LONG-TERM PIECEWORK

BUSINESS OF POLITICAL-MILITARY-INDUSTRIAL CONSULTATIONS INVOLVING VERY SPECIFIC AREAS OF ECONOMIC/INDUSTRIAL ACTIVITIES UNDER AN UMBRELLA OF BROAD GUIDING PRINCIPLES. BRITISH CONCERN FOR THE IMMEDIATE SHORT-TERM AND FOCUS ON "THE TWO-WAY STREET" DESERVES EXPLORATION.

3. MOD SEES IN THE RATIONALIZATION/STANDARDIZATION THRUST THE OPPORTUNITY FOR UK TO CAPITALIZE ON THOSE SECTORS OF BRITISH DEFENSE INDUSTRIAL CAPABILITY, WHERE BRITISH INDUSTRY IS, RELATIVELY, TECHNOLOGICALLY ADVANCED (AIRCRAFT ENGINES, ASPECTS OF AVIONICS/ELECTRONICS, COMPUTERS, COMMUNICATIONS, ETC.) AND ON WHICH ANY SERIOUS NATO-EUROPE-WIDE RATIONALIZATION/STANDARDIZATION EFFORT WOULD FOCUS.

AS A SUPPLEMENTARY CONSIDERATION, THE BRITISH SEE IN LONDON'S UNDISPUTED REPUTATION FOR BEING THE PRIMARY MONEY MARKET CENTER IN EUROPE (AND SECOND TO THE US IN THE WORLD) THE ADVANTAGE THAT BRITAIN IS BEST SUITED TO TAKE THE LEAD IN FINANCING ARRANGEMENTS FOR MULTINATIONAL EUROPEAN DEFENSE INDUSTRIAL VENTURES. CERTAINLY, THOSE IN THE MOD AND FCO WHO ARE BOTH "EUROPEANISTS" AND "ATLANTICISTS" HOPE THAT AS WASHINGTON BEGINS TO MAKE ACTION POLICY OUT OF THE CURRENT "PLETHORA OF DECLARATORY ASSERTIONS" CONCERNING "THE TWO-WAY STREET", THERE COULD BE SOME VERY REAL DIVIDENDS FOR BRITAIN.

4. AT PRESENT THE BRITISH ARE FIRMLY COMMITTED TO SUPPORTING "A PROPERLY STRUCTURED APPROACH" TO RATIONALIZATION/STANDARDIZATION AS A MEANS FOR GAINING THE INDUSTRIAL BENEFITS OF COLLABORATION IN DEFENSE PRODUCTION AND AS A WAY TO TAMP DOWN ON DUPLICATION IN DEFENSE EQUIPMENT. "PROPERLY STRUCTURED" APPEARS TO MEAN THE AVOIDANCE OF A "HEAD-ON CLASH" BETWEEN AMERICAN VERSUS EUROPEAN SOLUTIONS TO DEFENSE EQUIPMENT REQUIREMENTS, USING THE "TWO-WAY STREET" AS A MEANS FOR ACHIEVING A "BETTER BALANCE" WITHIN NATO BETWEEN ESSENTIALLY US DESIGNED/PRODUCED EQUIPMENT AND EUROPEAN EQUIPMENT. INITIALLY THIS WILL BE EXEMPLIFIED, THE BRITISH HOPE, BY US PURCHASE OF EUROPEAN (I.E. BRITISH) EQUIPMENT.

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5. THE BRITISH SEE IN THE PUSH TOWARD RATIONALIZATION/STANDARDIZATION A REAL OPPORTUNITY FOR THEM TO PLAY A CONSTRUCTIVE EUROPEANIST ROLE. THEY ENJOY THE POSITION WITHIN THE EUROGROUP OF BEING, THEY BELIEVE, PRIMUS INTER PARES AND MASMAN HAS USED HIS CHAIRMANSHIP TO PLAY A STRONG HAND WITH SOME RELATIVELY GOOD CARDS: THE HIGH LEVEL OF BRITISH DEFENSE TECHNOLOGY IN A NUMBER OF IMPORT-

ANT AREAS; THE UK'S "KNOW-HOW" ACQUIRED IN AREAS OF
TECHNOLOGY TRANSFERED FROM THE US; THE UK'S EXPERIENCE
GAINED FROM DEFENSE INDUSTRIAL COLLABORATION WITH FRANCE
AND TO A LESSER EXTENT, FRG; AND, LONDON'S ROLE AS
EUROPE'S PREDOMINANT FINANCIAL CENTER.

6. AS LONDON SEES IT, A MAJOR MOVE FORWARD TOWARD
RATIONALIZATION/STANDARDIZATION WOULD ALSO ALMOST CERTAIN-
LY HAVE .BENEFICIAL POLITICAL CONSEQUENCES" BOTH WITHIN

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THE ALLIANCE AND IN TERMS OF HOW THE WARSAW PACT PERCEIV-
ES NATO'S WILL TO EFFECTIVELY IMPROVE ITS MILITARY CAPA-
BILITY WITHIN THE BOUNDS OF CURRENT RESOURCES.

7. BEFORE THE ECONOMIC SITUATION IN BRITAIN CAN IMPROVE SUBSTANTIALLY, IT WILL CONTINUE TO DETERIORATE FOR THE SHORT-TERM AT LEAST, WITH UNEMPLOYMENT RISING AND INFLATION CONTINUING AT A VERY HIGH LEVEL. "PROTECTIONIST" PRESSURES FROM UNIONS AND CERTAIN INDUSTRIES FOR "BUY BRITISH" SOLUTIONS WILL GROW DURING THE WINTER AND NO OBJECTIVE OBSERVER CAN BELIEVE THAT THE PRESENT LEVEL OF DEFENSE SPENDING CAN BE MAINTAINED UNTOUCHED IF ECONOMIC DETERIORATION CONTINUES FOR LONG AT CURRENT RATES. THIS IN ITSELF WILL PUT PRESSURE ON THOSE IN THE MOD (PARTICULARLY IN THE PROCUREMENT EXECUTIVE AND THE DEFENSE SALES
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ORGANIZATION) WHO DESPERATELY WANT TO HELP ALLEVIATE BRITAIN'S BALANCE-OF-PAYMENT DEFICIT BY USING THE RATIONALIZATION/STANDARDIZATION THRUST AS A MEANS TO QUICKLY INCREASE DEFENSE SALES FOR IMMEDIATE BALANCE-OF-PAYMENTS BENEFITS. THESE PRESSURES IN BRITAIN'S ECONOMIC CIRCUMSTANCES ARE NOT INCONSIDERABLE, AND SO IT TOOK SOME POLITICAL COURAGE ON MASON'S PART TO "BUY FOREIGN" WHEN THE MOD RECENTLY SELECTED THE US SUB-HARPOON AND FRANCO-GERMAN MILAN MISSILES IN LIEU OF BRITISH DEVELOPMENTS. PROUDLY THE MOD POINTS TO THIS DECISION AS AN "EXAMPLE FOR ALL" THAT BRITAIN IS CAPABLE OF PRACTICING "WHAT IT PREACHES" -- EVEN IN DIFFICULT TIMES. THAT MASON WAS ABLE TO HOLD-OFF THE "PROTECTIONISTS" AND THE "BUY BRITISH" -- AT A TIME WHEN THE INFLUENCE WITHIN HIS PARTY OF THE ANTI-NATO, ANTI-US, NEUTRALIST AND DOCTRINAIRE LEFT IS GROWING -- IS A TRIBUTE TO HIS LEADERSHIP ON THIS MATTER AND TO THE EFFECTIVENESS OF THE MODERATES IN THE GOVERNMENT. IT WOULD HAVE BEEN ALL TOO EASY IN BRITAIN'S CURRENT ECONOMIC SITUATION TO HAVE PLAUSIBLY JUSTIFIED A "BUY BRITISH" DECISION.

8. IN THE FACE OF GROWING BALANCE-OF-PAYMENTS DEFICITS, THE UK DOES SEE A NEED FOR DEEPER DEFENSE INDUSTRIAL COOPERATION WITH THE US BUT, PARADOXICALLY, THE CRITICAL ECONOMIC SITUATION AND THE PRESSURES GENERATED BY IT, COULD LEAD THE MOD TO TAKE ACTIONS WHICH WOULD ADVERSELY AFFECT US RATIONALIZATION/STANDARDIZATION INTERESTS AND WHICH WOULD BE AT CROSS-PURPOSES WITH OUR BROADER AIMS IN THIS ARENA WITH OUR OTHER NATO PARTNERS.

9. FOR THE IMMEDIATE FUTURE, AT LEAST, MASON AND THE MOD SEE US-UK DEFENSE COOPERATION AS ABSOLUTELY INDISPENSABLE AND THE GOVERNMENT CAN BE COUNTED ON TO KEEP BRITAIN'S CONTRIBUTION TO THE COMMON DEFENSE OF THE ALLIANCE AS HIGH AS ECONOMICALLY FEASIBLE.

10. AS THE MOD SEES IT, THE ADVANTAGES TO BE DERIVED FROM,

AS KILLICK PUT IT TO THE NAC, GETTING "SOME
TRAFFIC ON THE TWO-WAY STREET GOING", ARE TWOFOLD: FIRST,
THE BRITISH BELIEVE STRONGLY THAT MANIFESTATION OF THE
POLITICAL WILL TO MAKE FORWARD MOVEMENT REQUIRES THE
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SUBSTANCE, AS WELL AS THE SYMBOLISM, OF A NEW MAJOR US
PROCUREMENT FROM A EUROPEAN SOURCE; AND SECONDLY, THEY
FEEL THAT THEIR ABILITY TO KEEP THE EUROGROUP MOMENTUM
UP WOULD BE FACILITATED BY "AN OFF-THE-SHELF BUY". CER-
TAINLY, THE TIMING OF SUCH AN OFF-THE-SHELF BUY MIGHT
USEFULLY BE LINKED TO FAVORABLE PROGRESS WITHIN NATO ON
OUR AEW/AWACS THRUST. ALTERNATIVELY, WE MIGHT GAIN MORE
BY PROMPTING THE BRITISH TO INITIATE A EUROPEAN CONSORT-
IUM TO PRODUCE AN IMPORTANT/SOPHISTICATED DEFENSE ITEM
WHICH WE WOULD USE OURSELVES.
RICHARDSON

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